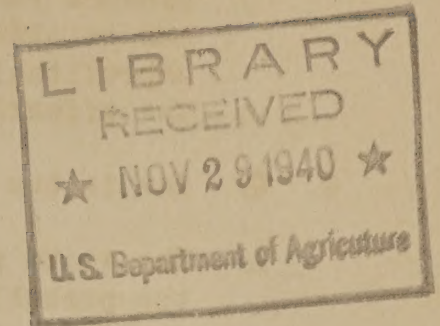


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UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
Washington, D. C.

BURLEY REFERENDUM QUESTIONS AND ANSWERS

The Referendum



1. Q. When will the Burley referendum be held?
  - A. Saturday, November 23.
2. Q. What questions will be on the ballot?
  - A. Growers will vote on three questions:
    - (1) Are you in favor of quotas for three years?
    - (2) Are you opposed to quotas for three years, but favor the quota for one year?
    - (3) Are you opposed to quotas?
3. Q. What majority will be required to adopt or reject quotas?
  - A. If two-thirds of the total number of voters mark Question No. 1, approving quotas for three years, then quotas will be in effect for the 1941, 1942 and 1943 crops. If less than two-thirds of the voters mark Question No. 1, but the combined vote for Question No. 1 and Question No. 2 amounts to two-thirds of the voters, then quotas will be in effect only for 1941. If more than one-third of the voters mark Question No. 3, opposing quotas, then quotas will not be operative in 1941. Decision of the growers is final.
4. Q. Who can vote?
  - A. Any person who shares in the proceeds of the 1940 Burley crop as owner, tenant or sharecropper will be eligible to vote in the Burley tobacco marketing quota referendum.
5. Q. May anyone cast more than one vote?
  - A. No. No farmer, whether an individual, partnership, corporation, association or other legal entity, will be entitled to more than one vote in the referendum, even though such farmer may have been engaged in the production of Burley tobacco in two or more communities, counties, or States in 1940.
6. Q. Is provision made for marking ballot in private?
  - A. Yes.



7. Q. What is the purpose of Burley tobacco marketing quotas?

A. Quotas provide growers a means for keeping the supply of tobacco in line with demand, so that over a period of years growers can produce the maximum amount of tobacco for which a profitable price can be obtained. Quotas protect cooperating farmers by making it unprofitable for non-cooperators to overplant or otherwise defeat the efforts of those who are trying to adjust the supply to demand.

8. Q. How is the national quota determined?

A. The quota is determined each year on the basis of the supply and the probable demand. The Agricultural Adjustment Act of 1938, as amended, prescribes the method which shall be used to determine the quota. The national quota calls for a crop of proper size to maintain reserve supplies that are adequate for market needs. Quotas are proclaimed by the Secretary of Agriculture and submitted to growers for their decision only when the total supply of Burley exceeds the reserve supply level. This reserve supply level is fixed by the Act at the normal supply plus 5 percent. The normal supply is a normal year's domestic consumption and exports plus 175 percent of a normal year's domestic consumption and 65 percent of a normal year's exports.

9. Q. If two-thirds of the voters approve quotas, will quotas be effective in areas where a majority may have voted against quotas, such as one county or one State?

A. Yes. If two-thirds or more of the voters favor quotas, then quotas will be in effect on all Burley tobacco grown in the United States during the quota period.

10. Q. Who will be in charge of the referendum?

A. The local County Agricultural Conservation committee. The committee will designate local Burley growers in each voting community to serve as election officers.

11. Q. Will growers be listed on the register of eligible voters before the referendum?

A. Yes. Eligible voters will be listed so far as possible by the County AAA Office from its own records.

12. Q. Is it necessary to register before voting?

A. No. Any person desiring to vote may cast his ballot, whether or not he is listed on the register. Ballots of unregistered voters will be challenged, but they will be counted if it is determined that the voter is eligible to vote.



13. Q. Where are the voting places?

A. Voting places will be designated and notices posted in each community by the County AAA Committee. However, in counties where there are only a few Burley growers, only one voting place may be provided for several communities or for the entire county. In most counties, a voting place will be designated in each community.

The Situation

14. Q. What was 1939 Burley production?

A. 394,800,000 pounds.

15. Q. How did this compare with disappearance in 1939?

A. It exceeded disappearance by 66 million pounds.

16. Q. How does the 1940 crop compare with expected disappearance?

A. The 1940 crop is the first crop below disappearance level in four years.

17. Q. What is the carry-over?

A. Stocks on October 1, which amounted to 750 million pounds. This exceeds the carry-over a year ago by 66 million pounds.

18. Q. What is the present supply of Burley, compared with 1939?

A. The total supply of Burley tobacco, including stocks on October 1 of 750 million pounds and the estimated 1940 crop of 311 million pounds, is 1,061 million pounds. This is nearly as large as the supply a year ago when the October 1 stocks of 684 million pounds plus the estimated 1939 crop of 394 million pounds resulted in a total supply of 1,078 million pounds. Without the adjustment made under the 1940 marketing quota program another large crop of Burley tobacco would have been produced and the total supply now would be the largest ever known.

19. Q. How does supply affect price?

A. Surplus supplies cause lower prices to farmers since the amount of tobacco which can be marketed over a period of years is determined by the amount consumed.

20. Q. Does the amount of Burley tobacco consumed vary much from year to year?

A. No. Consumption of Burley tobacco can be expected to remain fairly steady. Burley tobacco is consumed mostly in the United States. The long-time trend of domestic consumption has been upward. However, during the past four years, there has been little change in



the amount consumed. About 60 percent of the Burley produced is used in cigarettes, the remainder in smoking and chewing tobacco. Although cigarette consumption has increased substantially in the last four years, this increase, as it affects Burley, has been largely offset by the decrease in consumption of chewing tobacco.

21. Q. Has the war affected the Burley export market?

A. Yes. About 4 percent of the annual production, 12 to 13 million pounds, normally is exported, chiefly to Europe. Due to the war, the market for about 10 million pounds (3 percent of the annual production) has been cut off.

22. Q. Under normal conditions, what countries are the chief export customers of Burley?

A. Portugal, Belgium, Denmark, Netherlands, Norway, Sweden and Germany.

23. Q. Will the loss of export outlets seriously affect the amount of Burley used in the coming year?

A. The loss of export outlets, amounting to about 3 percent of the crop, is likely to be only partly offset by any increase in domestic consumption.

24. Q. How does the flue-cured tobacco situation affect Burley?

A. Burley growers' income will not be affected noticeably by developments in the flue-cured area. There is little, if any competition between flue-cured and Burley tobaccos. They are used to a large extent in the same products, but each has its own distinctive place in these products.

#### Marketing Quotas

25. Q. Would approval of quotas in the November 23 referendum have any effect on the prices Burley growers get for their 1940 crop?

A. Yes. The market for the 1940 crop will be strengthened if buyers are assured that the total supply will not be further increased by a large 1941 crop.

26. Q. Would transfer of quotas be allowed?

A. No. There would be no transfer of quotas nor sale of marketing cards. Quotas will be on an acreage basis and growers could sell without penalty all the tobacco produced on their allotted acreage.

27. Q. What will be the effect on prices if quotas are not approved?

A. The prospect of excessive production will tend to depress prices to growers. Without quotas, both old and new growers can be expected to expand production, which will require further cuts in



allotments to old growers, both under the Agricultural Conservation Program and marketing quotas.

28. Q. If quotas are rejected, can a large crop be expected in 1941?

A. Yes. Without quotas a 1941 crop of 400 million pounds is likely if growing conditions are normal.

29. Q. Will a 1941 crop of that size mean lower prices for 1941?

A. Yes. Not only would the prospect of a surplus depress prices for 1940 Burley, but should it materialize, prices would be lower in 1941 and later years until the excess was eliminated.

30. Q. If farmers reject quotas and grow excessive crops, would this result in increased consumption of Burley?

A. No. Low prices would not increase the consumption of Burley. A decrease of 10 cents per pound in the price of Burley received by the farmer would mean only a fraction of a cent decrease in the cost of a package of cigarettes to the consumer. Since the consumption of Burley tobacco does not vary materially from year to year, it is clear that marketings of Burley tobacco also should be as uniform as possible. Marketing quotas are the best available way to achieve this.

31. Q. On what basis do growers share in quota allotments?

A. Each grower is allotted his fair share of the production for which a fair price can be obtained.

32. Q. Do marketing quotas limit the number of new Burley farms?

A. Yes. Only a very small acreage will be allotted to new farms. A few new farm allotments will be established, but they will be limited to farms operated by old Burley growers who have moved to new farms and are equipped to grow Burley.

33. Q. Has the number of farms growing Burley tobacco increased much in recent years?

A. Yes. The number of Burley farms increased 50 percent in the last 5 years (from 159,531 in 1935 to 239,303 in 1940).

34. Q. Did this increase occur during marketing quota years?

A. To a limited extent, but most of the increase was in 1937 and 1939 when there were no quotas.

35. Q. When quotas are not in effect, is there any restriction on the number of new Burley farms?

A. No. Without quotas, there is no restrictions on the number of new Burley farms.



36. Q. When there is a large increase in the number of new Burley farms during non-quota years, does that affect the allotments in later quota years?
- A. Yes. The national quota must be divided among the increased number of farms, which means that every farm gets a smaller allotment than it otherwise would receive.
37. Q. Would quotas have a poundage or an acreage basis?
- A. The national marketing quota is determined on a poundage basis. However, this is converted to an acreage basis, so that the quota for a farm becomes the actual production on the acreage allotment.
38. Q. Does a quota limit the amount of tobacco a grower may produce or market from his acreage allotment?
- A. No. Growers who plant within their acreage allotments may market without penalty all the tobacco that acreage produces.
39. Q. If a producer is not satisfied with his acreage allotment, can he have it reviewed?
- A. Yes. Provision is made for appeal to a review committee made up of farmers other than members of the local AAA committee that established the allotment. The review committee has authority to review allotments and correct any errors made in establishing them.
40. Q. If quotas are in effect, and a farmer who does not have an allotment markets tobacco, will he have to pay the penalty on all sales?
- A. Yes. Since he has no quota, all tobacco he markets will be subject to a penalty of 10 cents per pound.
41. Q. Will cooperating growers be inconvenienced in selling their tobacco?
- A. Only to the extent that they will be required to have a marketing card for the purpose of identifying their tobacco.
42. Q. If quotas are rejected in the November 23 referendum, will another referendum on the 1941 crop be possible, later?
- A. No. Another marketing quota referendum for the 1941 crop cannot be held.



3-Year Quotas

43. Q. Why is a 3-year quota proposal offered in this referendum?
- A. Because, at the request of tobacco growers, Congress amended the Agricultural Adjustment Act of 1938 and made it possible for growers to vote not only on quotas for a one-year period, but also for the three-year period.
44. Q. Why did growers want to consider a 3-year quota?
- A. (1) Because, with quotas for the longer period, prices and income will be more stable than under quotas for just one year.  
(2) Because large increases in the number of new growers are prevented for at least 3 years.  
(3) Because 3-year quotas permit long-range adjustment of supply to demand. This makes any necessary adjustments less severe, due to spread over a longer period.
45. Q. Why is it necessary to vote on 3-year quotas and on 1-year quotas at the same time?
- A. The Act required that growers vote on a quota for one year and for 3 years at the same time.
46. Q. Can growers expect any more income from tobacco under 3-year quotas than under 1-year quotas?
- A. Yes. Buyers can pay higher prices for tobacco, when possibility of excessive production and lower prices is removed for the longer period.
47. Q. How would growers' plans be affected by 3-year quotas?
- A. Growers could make their plans without fear of a drastic drop in prices from year to year.
48. Q. Do 3-year quotas offer more or less protection to cooperating growers than 1-year quotas?
- A. More. Non-cooperators cannot profit at the expense of cooperating growers in any year when quotas are in effect. Use of quotas for 3 years continuously will protect cooperators for that length of time.
49. Q. Would the 1941 allotment be more or less with 1-year quotas than with 3-year quotas?
- A. The 1941 farm allotments would be less under 1-year quotas. A 10 percent reduction in allotments would be needed.



50. Q. If quotas are approved for the three years, 1941-43, what will each farm allotment be in 1941?

A. Farm allotments for 1941 will not be less than for 1940, and in each of the other two years will remain the same or go up or down by the same percentage that the national quota goes up or down from the quota of the preceding year. No 1940 allotment of more than 1 acre may be reduced by more than 10 percent during the entire 3-year period. If the 1939 farm allotment was one-half acre or less and the 1940 allotment was smaller, the 1941 allotment would be increased to the 1939 figure. These provisions, of course, do not apply to growers who violate the marketing quotas.

51. Q. Why would allotments be the same in 1941 as in 1940 under 3-year quotas, while a 10 percent reduction would occur under 1-year quotas?

A. If quotas are adopted for only one year, the farmers' best chance for good prices will lie in eliminating excessive supplies immediately. But if quotas are adopted for 3 years, it will be to the growers' best interest to defer this adjustment and spread it over a longer period if adjustment is needed. With 3-year quotas it is possible that reductions in allotments may be avoided entirely.

52. Q. Under 3-year quotas, could adjustments be made to meet increases in demand?

A. Yes. If demand increases under 3-year quotas it will be possible to adjust to meet the changes. The national quota, as stated above, cannot be reduced in any one year more than 10 percent below the 1940 quota, but there is no limit fixed for upward adjustment.

53. Q. Can adjustments in the allotments as between farms be made during the 3-year period?

A. Yes, some adjustments can be made. An amount not to exceed 2 percent of the 1940 allotment for each state can be used in each year for adjustment of individual farm allotments which are low as compared with allotments for similar farms. This would be in addition to the national and state allotments.

54. Q. How would the 3-year quota affect tobacco carried over from one year's crop to the next to escape penalty?

A. Under 3-year quotas, there would be no incentive for non-cooperators to store excess tobacco for sale in later years, since the amount carried over could not be sold without penalty, except when plantings of the next year's crop were adjusted below the allotment.



Enforcement

55. Q. When does the marketing year begin, under quotas?
- A. October 1.
56. Q. Can a grower market his tobacco prior to that date and evade penalties for excess marketing?
- A. No. The crop is subject to the marketing quota provisions regardless of whether or not it is sold before October 1. In effect, the marketing year begins with the first sale of any tobacco from that year's crop.
57. Q. What is the penalty for marketings in excess of the farm quota?
- A. The penalty for excess marketings is fixed at 10 cents a pound.
58. Q. When are these penalties collected?
- A. They are collected beginning with the first sale of tobacco.
59. Q. What happens if a grower sells, or permits be sold, on his marketing card, tobacco grown on another farm?
- A. The allotment for both farms will be reduced in the next year by the amount of tobacco so marketed. Also, the farmer whose card is used becomes liable for the penalty.
60. Q. What will result if a farmer falsely identifies or fails to account for the disposition of any of his tobacco?
- A. If anyone falsely identifies or fails to account for disposition of his tobacco, he becomes liable for a penalty of 10 cents per pound times the normal production of the entire acreage harvested in excess of the farm acreage allotment, in addition to any other penalty. Also, the allotment will be reduced in the next year by the amount of such tobacco.
61. Q. Do any enforcement provisions apply to warehousemen, dealers or buyers?
- A. Yes. Penalties are provided in case any warehouseman, dealer or buyer aids in marketing excess tobacco without payment of penalty, or fails to keep accurate records and make proper reports.



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